

## INFORMATION PAPER

CELD-ZA  
19 Dec 95

SUBJECT: GSA Fleet Management Services

1. PURPOSE: To provide additional information regarding subject.

2. Background information and facts.

a. The Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law No. 99-272) included a privatization effort for federal motor vehicle fleets. It directed that government agencies study costs, benefits, and feasibility of: GSA Fleet Management, contracted fleet management, any other less expensive means to meet motor vehicle operation, maintenance, leasing, acquisition, and disposal requirements.

b. In May 1989, HQUSACE initiated the Civil Works Motor Vehicle Cost Comparison Study to comply with the law. The Corps chose a decentralized approach requesting Divisions and Districts conduct the studies.

c. Based on a 1992 request from HQUSACE, the Army Audit Agency (AAA) conducted audits at several districts. (Even though our request to AAA did not specify this particular issue, AAA chose to focus on it anyway along with the other areas we wanted them to look at, e.g., equipment maintenance.)

d. AAA has completed its audits of several districts and in the process provided the reports for comment. AAA has also just issued its final rollup report summarizing its findings and recommendations across the Corps. We are working on finalizing our response to this now.

e. Impacted districts (Mobile, Vicksburg, Seattle, and Rock Island), associated divisions, and HQ have each had the opportunity to review and comment on AAA's findings and recommendations. The districts generally disagreed with AAA's cost analysis based on factors such as depreciation, vehicle life expectancy, resale of vehicles, and fuel costs. However, all generally concurred in the recommendation to negotiate with GSA to obtain vehicle fleet services **when it is determined to be cost effective**. This raises an important issue of disagreement between us at HQUSACE and AAA over the intent of the Law.

- AAA contends that if an overall analysis reveals cost savings through GSA, then the entire fleet should be converted.

- We disagree. Our view is that this decisions should be based on a common sense business decision by category of vehicle. AAA audits show that while several categories of vehicles are less costly from GSA. Several other categories are not. Some examples of those that are more costly from GSA are shown below. (These figures were extracted from AAA audit reports and apply to estimates for FY 94 only. Note that I have only extracted vehicle categories in which in-house vehicles are less costly than GSA vehicles. **Several other vehicle categories were shown by AAA to be cost effective for GSA fleet management.**)

	Vehicle Type	District Expenses	GSA Charge	Est. Savings (in-house)
Vicksburg	Van, Com	\$22,400	\$23,509	(\$1,109)
	Carryall, 4x4			
	Compact	6,833	8,474	( 1,641)

	Truck, 4x2			
	Standard	642,505	666,647	(24,142)
	Truck, 4x4			
	Maint	35,239	53,683	(18,444)
	Truck, 4x4			
	Utility	74,813	94,793	(19,980)
	Fire Plow			
	Truck	62,996	84,682	(21,686)
Mobile	Truck, Utility Carry	47,746	58,143	(10,397)
	Truck, Pickup 4x4	195,779	227,432	(31,653)
	Truck, Panel 4x2	304,295	325,886	(21,591)
	Truck, Pickup 4x2	949,097	995,131	(46,034)
	Truck Dump	304,654	369,270	(64,616)

- Followon discussions with GSA have generally agreed that GSA cannot provide all types of vehicles needed by the Corps at a cost less than the Corps can obtain them. Based on this, we have encouraged district actions to obtain GSA vehicles when cost effective and available.

f. Based on the AAA audits, by memo, 19 Jul 95, HQUSACE directed all subordinate commanders to update their cost comparison studies. Where GSA is determined to be cost effective, the conversion process to GSA will be initiated. Discussions with GSA indicate that they cannot immediately absorb all of the potential vehicle requirements. This coincides with district plans to convert their fleets to GSA (when it is determined to be cost effective) over the next few years.

g. GSA has proposed to accomplish the conversion faster if funding sources can be identified. They have proposed that instead of reimbursing the Corps for its vehicles, the Corps waive this requirement and also provide GSA upfront funding from PRIP. CELD is working to arrange a meeting between GSA, CECW and CERM representatives to discuss this issue.